

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Financial Statements

**December 31, 2023 and 2022
(With Independent Auditors' Report Thereon)**

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

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Independent Auditors' Report

The Board of Directors
Society for the Prevention of Cruelty to Animals, Tampa Bay, Florida, Inc.:

Opinion

We have audited the financial statements of Society for the Prevention of Cruelty to Animals, Tampa Bay, Florida, Inc. (the "Society"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of support and revenue, expenses, and other changes in net assets without donor restrictions, changes in net assets, and cash flows for the years then ended, the related statement of functional expenses for the year ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended, and its functional expenses for the year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Society for the Prevention of Cruelty to Animals, Tampa Bay, Florida, Inc.'s 2022 financial statements and our report dated July 19, 2023 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CBIZ CPAs P.C.¹

September 17, 2024
St. Petersburg, Florida

¹ In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Statements of Financial Position

December 31, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash and cash equivalents	\$ 2,134,985	3,224,632
Accounts receivable:		
Grants	249,361	1,442,746
Bequests and trusts	1,159,111	944,807
Pledges	77,136	123,481
Other	16,012	18,381
Inventories	99,882	97,737
Prepaid expenses	158,920	131,537
Total current assets	3,895,407	5,983,321
Investments	4,615,616	4,871,028
Bequests and trusts receivable, less current portion	495,078	509,684
Pledges receivable, less current portion	36,517	102,185
Community Foundation investments	27,822	20,000
Operating lease right-of-use assets	29,452	26,484
Property and equipment, net	4,734,627	4,353,604
Other assets	5,950	5,950
	<u>\$ 13,840,469</u>	<u>15,872,256</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 149,763	145,476
Accrued expenses	487,365	422,106
Deferred revenue	27,080	38,715
Current portion of operating lease liabilities	14,287	12,279
Current portion of long-term debt	91,586	87,470
Current portion of annuity obligation	4,048	1,679
Total current liabilities	774,129	707,725
Operating lease liabilities, less current portion	15,165	14,205
Long-term debt, less current portion	2,122,041	2,209,950
Annuity obligation, excluding current portion	94,446	104,339
Total liabilities	3,005,781	3,036,219
Net assets:		
Without donor restrictions:		
Undesignated	-	1,482,351
Operating reserves	4,029,765	5,168,620
Net investment in property and equipment	2,521,000	2,056,184
Board designated for facility enhancement	36,170	236,921
	6,586,935	8,944,076
With donor restrictions	4,247,753	3,891,961
Total net assets	10,834,688	12,836,037
	<u>\$ 13,840,469</u>	<u>15,872,256</u>

See accompanying independent auditors' report and notes to financial statements.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

**Statements of Support and Revenue, Expenses, and Other Changes in Net Assets
Without Donor Restrictions**

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating support and revenue:		
Public support:		
Special events	\$ 322,908	293,872
Less special events costs	<u>(119,150)</u>	<u>(105,061)</u>
	203,758	188,811
Contributions and grants	1,465,777	2,901,414
Bequests and trusts	637,053	2,172,373
In-kind support	<u>75,076</u>	<u>26,215</u>
	2,381,664	5,288,813
Revenue:		
Program service fees from:		
Veterinary services	2,572,731	1,941,132
Adoption, intake and other fees	788,927	736,850
Investment return designated for current operations	118,997	97,631
Sales of pet supplies and urns, net	33,688	32,521
Other income	<u>57,334</u>	<u>8,928</u>
	3,571,677	2,817,062
Net assets released from restrictions:		
Satisfaction of donor use restrictions	34,642	37,125
Expiration of time restrictions - bequests, trusts and annuities	<u>511,775</u>	<u>1,395,375</u>
Total operating support and revenue	6,499,758	9,538,375
Operating expenses:		
Program services	7,257,845	6,134,452
Supporting services	<u>2,367,379</u>	<u>2,110,377</u>
Total operating expenses	<u>9,625,224</u>	<u>8,244,829</u>
Change in net assets without donor restrictions from operations	(3,125,466)	1,293,546
Other changes:		
Investment return in excess of (deficient to cover) amounts designated for current operations	209,997	(552,639)
Change in value of split-interest agreements	(12,423)	(20,013)
Transfer to restore corpus of endowment funds	-	(105,522)
Donated vehicles	18,421	-
Gain on sale of equipment	6,400	-
Net assets released from restrictions:		
Satisfaction of capital expenditure restrictions	<u>545,930</u>	<u>331,494</u>
Change in net assets without donor restrictions	<u>\$ (2,357,141)</u>	<u>946,866</u>

See accompanying independent auditors' report and notes to financial statements.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Statements of Changes in Net Assets

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions:		
Total operating support and revenue (excluding net assets released from restrictions)	\$ 5,953,341	8,105,875
Total operating expenses	(9,625,224)	(8,244,829)
Investment return in excess of (deficient to cover) amounts designated for current operations	209,997	(552,639)
Change in value of split-interest agreements	(12,423)	(20,013)
Transfer to restore corpus of endowment funds	-	(105,522)
Donated vehicles	18,421	-
Gain on sale of equipment	6,400	-
Net assets released from restrictions	<u>1,092,347</u>	<u>1,763,994</u>
Change in net assets without donor restrictions	(2,357,141)	946,866
Net assets with donor restrictions:		
Contributions and grants	657,557	572,064
Bequests and trusts	782,076	555,542
Change in value of split-interest agreements	-	82,861
Endowment earnings (losses)	8,506	(124,441)
Transfer to restore corpus of endowment funds	-	105,522
Net assets released from restrictions	<u>(1,092,347)</u>	<u>(1,763,994)</u>
Change in net assets with donor restrictions	<u>355,792</u>	<u>(572,446)</u>
Change in net assets	(2,001,349)	374,420
Net assets at beginning of year	<u>12,836,037</u>	<u>12,461,617</u>
Net assets at end of year	<u>\$ 10,834,688</u>	<u>12,836,037</u>

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Statement of Functional Expenses

**For the Year Ended December 31, 2023
(With Comparative Totals for 2022)**

	Program Services			Supporting Services			Total Expenses	
	Veterinary Services	Shelter and Other Programs	Total	Management and General	Development	Total	2023	2022
Salaries and wages	\$ 1,816,123	2,408,245	4,224,368	549,747	663,097	1,212,844	5,437,212	4,496,921
Payroll taxes	134,226	179,674	313,900	40,315	45,512	85,827	399,727	334,248
Employee benefits	194,464	217,152	411,616	64,474	60,519	124,993	536,609	430,416
	2,144,813	2,805,071	4,949,884	654,536	769,128	1,423,664	6,373,548	5,261,585
Professional fees and contract services	313,179	207,893	521,072	189,798	174,279	364,077	885,149	724,783
Office supplies	9,541	8,973	18,514	4,430	4,667	9,097	27,611	20,051
Kennel food and supplies	7,975	120,993	128,968	-	952	952	129,920	118,879
Clinic medicine and supplies	440,592	261,161	701,753	-	-	-	701,753	608,101
Communications	18,574	27,634	46,208	1,899	2,172	4,071	50,279	49,923
Advertising	10,874	63,675	74,549	56	79,810	79,866	154,415	171,494
Postage and shipping	659	154	813	627	246,433	247,060	247,873	234,877
Building repairs and maintenance	27,845	35,610	63,455	39,630	41,364	80,994	144,449	112,216
Utilities	38,888	74,200	113,088	10,211	11,032	21,243	134,331	113,914
Insurance	34,589	70,518	105,107	7,943	9,522	17,465	122,572	94,096
Equipment rental and maintenance	24,083	44,350	68,433	2,450	3,819	6,269	74,702	68,988
Printing and publications	-	16,791	16,791	660	20,214	20,874	37,665	28,445
Automotive	4,181	12,428	16,609	494	918	1,412	18,021	19,402
Conferences, conventions and meetings	5,191	20,640	25,831	7,872	9,810	17,682	43,513	55,342
Interest expense	115,591	-	115,591	-	-	-	115,591	119,795
Bad debt expense (recoveries)	3,774	(100,000)	(96,226)	-	-	-	(96,226)	35,062
Other	66,253	33,823	100,076	13,614	25,787	39,401	139,477	135,182
In-kind expense	-	74,153	74,153	-	923	923	75,076	26,215
Total expenses before depreciation and amortization	3,266,602	3,778,067	7,044,669	934,220	1,400,830	2,335,050	9,379,719	7,998,350
Depreciation and amortization	103,839	109,337	213,176	15,541	16,788	32,329	245,505	246,479
Total expenses - 2023	\$ 3,370,441	3,887,404	7,257,845	949,761	1,417,618	2,367,379	9,625,224	
Total expenses - 2022	\$ 2,659,315	3,475,137	6,134,452	792,486	1,317,891	2,110,377		8,244,829

See accompanying independent auditors' report and notes to financial statements.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,001,349)	374,420
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	245,505	246,479
Amortization of loan issuance costs	3,648	3,648
Donated vehicles	(18,421)	-
Gain on disposal of equipment	(6,400)	-
Net realized and unrealized losses (gains) on investments	(218,503)	677,080
Change in values of split-interest agreements	12,423	(62,848)
Donated securities	(6,121)	(53,486)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	1,108,069	(326,432)
Inventories	(2,145)	(26,688)
Prepaid expenses and other assets	(27,383)	7,577
Increase (decrease) in liabilities:		
Accounts payable	4,287	(96,548)
Accrued expenses	65,259	108,370
Deferred revenue	(11,635)	15,587
Net cash (used in) provided by operating activities	(852,766)	867,159
Cash flows from investing activities:		
Property and equipment purchases	(608,107)	(338,916)
Proceeds from the sale of equipment	6,400	-
Purchases of investments	(427,225)	(566,308)
Proceeds from the sale of investments	899,439	1,803,212
Net cash (used in) provided by investing activities	(129,493)	897,988
Cash flows from financing activities:		
Principal payments on long-term debt	(87,441)	(82,437)
Payments to annuitants	(19,947)	(21,692)
Net cash used in financing activities	(107,388)	(104,129)
Net change in cash and cash equivalents	(1,089,647)	1,661,018
Cash and cash equivalents at beginning of year	3,224,632	1,563,614
Cash and cash equivalents at end of year	\$ <u>2,134,985</u>	<u>3,224,632</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u>111,943</u>	<u>116,147</u>
Additions to operating lease right-of-use assets and operating lease liabilities recognized from the adoption of ASC 842	\$ <u>-</u>	<u>38,630</u>
Additions to operating lease right-of-use assets and operating lease liabilities recognized from new leases	\$ <u>17,174</u>	<u>-</u>

See accompanying independent auditors' report and notes to financial statements.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements

December 31, 2023 and 2022

(1) Description of Organization and Summary of Significant Accounting Policies

(a) Description of Organization

The Society for the Prevention of Cruelty to Animals, Tampa Bay, Florida, Inc. (the “Society”), a Florida not-for-profit corporation, has as its mission to improve the community by promoting humane care, preventing animal cruelty, and reducing pet overpopulation.

(b) Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

(c) Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Society’s Board of Directors (the “Board”) and/or management for general operating purposes. From time to time, the Society’s Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. For example, the Society’s Board has designated a portion of net assets without donor restrictions as an operating reserve for the purpose of ensuring the sustainability of the Society’s mission.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Society reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the accompanying statement of support and revenue, expenses and other changes in net assets without donor restrictions as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the Society to spend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(d) Contributions

The Society recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is recognized are presented as revenues without donor restrictions.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers. Contributions received pending designation by the donor are considered to be net assets with donor restrictions until donor stipulations are known at which time such amounts are reclassified, if required. The Society received one conditional pledge from a donor in the amount of \$600,000 that has not been fully recognized as of December 31, 2023 because the condition has not been met.

(e) Cash and Cash Equivalents

Cash and cash equivalents represent cash and short-term, highly liquid investments with original maturities of three months or less.

(f) Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Society provides for losses on accounts receivable using the allowance method. The allowance is based on historical experience, third-party contracts, and other circumstances, which may affect the ability of donors or others to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Society's policy to charge off uncollectible accounts when management determines the receivable will not be collected.

(g) Inventories

Supplies inventories purchased for use in program and supporting services are carried at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

(h) Investments

Investments are reported at fair value. Fair value is determined by using quoted market prices, where available. Where not available, the present value of estimated, expected future cash flows or another reasonable method is used. No investment or group of investments represents a significant concentration of market risk.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(i) Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for property and equipment in excess of \$2,500 and with a useful life of at least one year are capitalized. Similarly, donated property and equipment with a fair market value in excess of \$2,500 as of the date of receipt are capitalized.

(j) Revenue Recognition

The Society has multiple revenue streams that are accounted for as reciprocal exchange transactions including veterinary services, pet supplies and other sales, and adoption and intake services. Revenue is recognized at a point in time when the Society satisfies a performance obligation when services or products are provided to a customer, or when an animal is delivered to a customer. Veterinary service revenue includes online pharmacy revenue in which the Society is acting as an agent facilitating the sale of third-party prescriptions to customers. Online pharmacy revenue is reported net of related expenses. Sales taxes related to these sales are collected from customers and remitted to the appropriate taxing authority and are not reflected in the Society's statements of support and revenue, expenses, and other changes in net assets without donor restrictions as revenue.

(k) Donated Materials and Services

Many individuals volunteer their time and perform a variety of tasks that assist the Society with its cruelty prevention and animal care and placement programs. Amounts have been reported in the financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by an individual possessing those skills and which would be typically purchased if not provided by donation. The Society also receives a significant number of volunteer hours per year that have not been recorded in the accompanying financial statements.

(l) Income Taxes

The Society has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. Income earned in furtherance of the Society's tax-exempt purpose is exempt from Federal and State income taxes. The Society is treated as a publicly supported organization, and not as a private foundation. The Society has adopted the provisions of Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, and does not believe it has any material income tax exposure relating to uncertain tax positions. The Society's income tax filings for the year ended December 31, 2020 and thereafter remain subject to examination.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(m) Functional Allocation of Expenses

The costs of providing the Society's various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Expenses directly attributable to a specific functional area of the Society are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on either time spent by employees on each functional area or based on the Society's square footage analysis for all indirect occupancy-related expenses.

(n) Fair Value Measurements

The Society has adopted the provisions of ASC Topic 820, *Fair Value Measurement*, which requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices that are observable for the assets or liability (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

(o) Going Concern Evaluation

On an annual basis, as required by ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Society performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued. Management's assessment did not indicate that substantial doubt is raised about the ability to remain a going concern for one year from the date the financial statements were available for issuance.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases or decreases in net assets during the period. Actual results could differ from those estimates.

(q) Advertising

The Society's policy is to expense advertising costs as incurred. Advertising costs were approximately \$154,400 and \$171,500 during the years ended December 31, 2023 and 2022, respectively.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(r) Leases

The Society leases certain office equipment under operating lease agreements. The Society determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, net and current and non-current operating lease liabilities on the accompanying statements of financial position.

Operating ROU assets represent the Society's right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the lease. Operating ROU assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As an accounting policy election, the Society uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments if the rate implicit in a lease is not readily determinable. The Society does not assume renewals in its determination of the lease term unless it is reasonably certain that it will exercise that option. The Society's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Society has lease agreements comprised of lease and non-lease components. The non-lease components are primarily comprised of equipment maintenance and real estate taxes that are passed on from the lessor. The Society made an accounting policy election by class of underlying asset not to separate lease and nonlease components in a contract. The Society's lease agreements may also include rental payments based on equipment usage and other variable factors. Operating lease liabilities are not remeasured as a result of changes in equipment usage. These variable payments are recognized in the period in which the related obligation is incurred and are excluded from the measurement of the operating lease ROU asset and operating lease liability. Additionally, the Society has elected not to recognize a lease liability or ROU asset for short-term leases (leases with a term of twelve months or less).

(s) Comparative Financial Information

The statement of functional expenses includes certain prior year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

(t) Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(u) Recent Accounting Pronouncement

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which amends ASC 326, *Financial Instruments - Credit Losses*. Subsequent to the issuance of ASU No. 2016-13, ASC 326 was amended by various updates that amend and clarify the impact and implementation of the aforementioned update. The new guidance introduces the current expected credit loss (“CECL”) model, which will require an entity to record an allowance for credit losses for certain financial instruments and financial assets, including trade receivables, based on expected losses rather than incurred losses. Under this update, on initial recognition and at each reporting period, an entity will be required to recognize an allowance that reflects the entity’s current estimate of credit losses expected to be incurred over the life of the financial instrument. The Organization adopted the standard effective January 1, 2023 noting no material impact on the Organization’s accounting for credit losses or on the Organization’s financial statements.

(2) Contributions Receivable

Contributions receivable at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Bequests and trusts	\$ 1,104,102	888,175
Trust receivable over 10 years	550,087	566,316
Pledges	<u>115,913</u>	<u>331,479</u>
Total contributions receivable	1,770,102	1,785,970
Less:		
Unamortized discount on pledges	2,260	5,813
Allowance for doubtful pledges	<u>-</u>	<u>100,000</u>
Net contribution receivable	<u>\$ 1,767,842</u>	<u>1,680,157</u>
Amounts due in:		
Less than one year	\$ 1,236,247	1,189,101
One to five years	<u>533,855</u>	<u>596,869</u>
	<u>\$ 1,770,102</u>	<u>1,785,970</u>

Contributions due in more than one year are discounted to net present value using a discount rate of 4.23% and 4.41% at December 31, 2023 and 2022, respectively.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(3) Investments

At December 31, 2023 and 2022, the cost and market values of investments were as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money market funds	\$ 251,918	251,918	541,895	541,895
Common stock	1,578,613	1,972,194	1,706,796	2,020,510
Corporate bonds	960,474	928,213	880,025	816,451
Mutual funds - equities	538,602	769,506	557,829	695,101
U.S. savings bonds	<u>120,000</u>	<u>383,520</u>	<u>150,000</u>	<u>475,458</u>
	3,449,607	4,305,351	3,836,545	4,549,415
Gift annuities:				
Money market funds	8,585	8,585	25,761	25,761
Common stock	101,888	141,901	104,524	140,608
Corporate bonds	149,297	140,028	149,931	138,095
Mutual funds - equities	<u>12,309</u>	<u>19,751</u>	<u>12,309</u>	<u>17,149</u>
	<u>272,079</u>	<u>310,265</u>	<u>292,525</u>	<u>321,613</u>
	<u>\$ 3,721,686</u>	<u>4,615,616</u>	<u>4,129,070</u>	<u>4,871,028</u>

The Society has pledged \$677,750 of its investments to serve as collateral under a construction loan. The loan agreement limits the Society's ability to withdraw funds below the amount of collateral throughout the term of the loan which matures February 2025.

Investment return for the years ended December 31, 2023 and 2022 includes the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 148,490	129,627
Net realized and unrealized gains (losses)	218,503	(677,080)
Investment management fees	<u>(29,493)</u>	<u>(31,996)</u>
Total investment return	337,500	(579,449)
Restricted investment return	8,506	(124,441)
Investment return designated for current operations	<u>118,997</u>	<u>97,631</u>
Investment return in excess of (deficient to cover) amounts designated for current operations	<u>\$ 209,997</u>	<u>(552,639)</u>

The Society designates a portion of its investment return for current operations based on current cash flow needs, as described in Note 13.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(4) Property and Equipment

Property and equipment at December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>	<u>Estimated Life</u>
Land	\$ 338,062	338,062	n/a
Construction in progress	454,724	316,744	n/a
Buildings and improvements	6,890,582	6,461,474	10 - 30 years
Shelter equipment	874,450	857,270	5 - 7 years
Furniture and equipment	85,843	62,004	5 - 7 years
Transportation equipment	<u>116,350</u>	<u>128,400</u>	5 - 10 years
	8,760,011	8,163,954	
Less accumulated depreciation	<u>4,025,384</u>	<u>3,810,350</u>	
	<u>\$ 4,734,627</u>	<u>4,353,604</u>	

Depreciation expense for the years ended December 31, 2023, and 2022, was \$245,505 and \$246,479 respectively.

(5) Split-Interest Gifts

Receivable Under Remainder Trust

The Society was named a remainder beneficiary under a charitable remainder unitrust agreement. The trust provided for the payment of quarterly distributions to two donors over their lifetimes equal to 7% of the fair value of the trust assets as of the beginning of each year. In 2022, upon the death of the two income beneficiaries, the remaining assets of \$203,175 were distributed to the Society for its use. For the year ended December 31, 2022, the Society recognized appreciation of \$82,861 included as a component of change in value of split-interest agreements in the accompanying statement of support and revenue, expenses, and other changes in net assets without donor restrictions.

Charitable Gift Annuities

The Society is certified by the State of Florida to market and manage charitable gift annuity contracts. Under these contracts, a donor transfers assets to the Society at the beginning of the contract and the Society makes predetermined periodic payments to the donor or their named beneficiary over their lifetime. Upon the donors' death, the remaining assets are available for the Society's use. As required by the State of Florida these amounts are segregated from other assets of the Society in separate investment accounts. In connection with these gifts, the Society records a liability representing the estimated present value of the future payments required under the gift annuity contract over the remainder of the donor's life expectancy using discount rates ranging from approximately 1% to 7%. The difference between the total amount of the gift and the estimated liability is considered to be a restricted contribution. During the years ended December 31, 2023 and 2022, no funds were received by the Society under its charitable gift annuity program and therefore, no contributions were recorded.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(6) Funds Held by Community Foundations

In 1999, the Society established accounts at the Community Foundation of Tampa Bay and Pinellas County Community Foundation (the "Foundations"), naming itself the beneficiary. Under the terms of the fund agreement, the Foundations have not been granted variance power over the funds. Earnings on these funds are distributed on a periodic basis to the Society. At December 31, 2023, the balance of investments held by the Foundations was \$27,822 and \$20,000, respectively.

(7) Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Subject to time restrictions:		
Bequests	\$ 1,654,189	1,354,491
Charitable gift annuities	94,603	104,000
Contributions restricted for future periods	<u>2,225</u>	<u>22,225</u>
	1,751,017	1,480,716
Subject to use restrictions:		
Unappropriated endowment earnings	23,247	14,741
Animal medical care and adoption fees	55,476	58,766
Restricted for capital expenditures	<u>1,472,530</u>	<u>1,392,255</u>
	1,551,253	1,465,762
Endowments subject to the Society's spending policy and appropriation:		
General endowment	253,466	253,466
Feline endowment	92,017	92,017
Education program endowment	150,000	150,000
Summer camp endowment	100,000	100,000
Behavior program endowment	100,000	100,000
Spay/neuter and crisis care endowment	<u>250,000</u>	<u>250,000</u>
	<u>945,483</u>	<u>945,483</u>
Total net assets with donor restrictions	<u>\$ 4,247,753</u>	<u>3,891,961</u>

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(8) Long-Term Debt

The Society's long-term debt consists of the following notes payable at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
4.875% construction note payable to a commercial bank, due in monthly installments of principal and interest through January 2025, with a final balloon payment due February 2025; secured by real property and \$677,750 of investment securities.	\$ 2,217,010	2,304,451
Total long-term debt	2,217,010	2,304,451
Less unamortized debt issuance costs	3,383	7,031
Long-term debt, less unamortized debt issuance costs	2,213,627	2,297,420
Less current installments	91,586	87,470
Long-term debt, less current installments	\$ <u>2,122,041</u>	<u>2,209,950</u>

Total interest expense was \$111,943 and \$116,147 for the years ended December 31, 2023 and 2022, respectively.

Aggregate maturities of long-term debt as of December 31, 2023 for each of the next three years are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 91,586
2025	<u>2,125,424</u>
	\$ <u>2,217,010</u>

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(9) Leases

The Society leases certain office equipment and facilities under noncancellable operating leases which expire over the next five years.

The following table summarize the operating lease line items in the accompanying statements of financial position at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use-assets	\$ 29,452	26,484
Total right-of-use assets	29,452	26,484
Current portion of operating lease liabilities	14,287	12,279
Operating lease liabilities, less current portion	<u>15,165</u>	<u>14,205</u>
Total operating lease liabilities	\$ <u>29,452</u>	<u>26,484</u>

As of December 31, 2023 and 2022, the weighted average remaining lease terms were 3.01 years and 2.21 years, respectively, and the weighted average discount rates were 3.35% and 1.11%, respectively. Operating cash flows from operating leases were \$16,220 and \$12,500 for the years ended December 31, 2023 and 2022, respectively.

The following summarizes the components in the accompanying statements of support and revenue, expenses, and other changes in net assets without donor restrictions for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating lease costs	\$ 16,220	12,500
Short-term lease costs	-	2,125
Variable lease costs	<u>19,631</u>	<u>16,496</u>
Total lease costs	\$ <u>35,851</u>	<u>31,121</u>

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(9) Leases - Continued

Future maturities of operating lease liabilities as of December 31, 2023 were as follows:

<u>Year Ending December 31,</u>	
2024	\$ 15,163
2025	6,578
2026	3,720
2027	3,720
2028	<u>2,223</u>
Total operating lease payments	31,404
Less imputed interest	<u>1,952</u>
Present value of lease liabilities	29,452
Less current portion	<u>14,287</u>
Lease liabilities, net of current portion	\$ <u><u>15,165</u></u>

(10) Retirement Plan

In 1994, the Society established a 403(b) retirement plan for eligible employees. Under this plan, the Society matches 25% of employee contributions up to \$1,500. For the years ended December 31, 2023 and 2022, the Society made matching contributions of approximately \$36,000 and \$24,000, respectively.

(11) Concentration of Credit Risk

The Society maintains its cash balances with a large regional financial institution. As of December 31, 2023, total cash balances exceeded federal insurance limits by approximately \$1,645,000.

(12) Endowments

The Society's endowments consist of several individual funds established by donors for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(12) Endowments - Continued

In accordance with the State of Florida *Uniform Prudent Management of Institutional Funds Act* (“UPMIFA”) and ASC Topic 958-205-45-28, *Classification of Donor Restricted Endowment Funds Subject to UPMIFA*, the Society classifies investment earnings on endowments as a component of net assets with donor restrictions if not appropriated for expenditure in the period earned. Once investment earnings are appropriated for expenditure, the Society reclassifies the amount appropriated as a component of net assets without donor restrictions.

The Board of Directors has interpreted Florida UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable and classified as net assets with donor restrictions until appropriated for expenditure.

Investment Return Objectives, Risk Parameters, and Strategies: The Society has adopted investment policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. The policies stipulate that the endowment investments should be managed as a long-term goal designed to maximize the returns without exposure to undue risk. Whereas it is understood that fluctuating rates of return are characteristic of the securities markets, the greatest concern should be long-term appreciation of the assets and consistency of total portfolio returns.

Spending Policy: The Society has a policy of appropriating for distribution each year the amount of the Society’s current operating cash flow deficit. The Society’s endowment funds contain certain net assets with donor restrictions that are not subject to general spending policies.

Endowment Funds with Deficits: From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). These deficits resulted from unfavorable market fluctuations in 2022. In 2022, the Organization suspended its appropriations from these endowment funds and transferred \$105,522 to restore endowment funds to the amounts required to be maintained by donors and by law.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(12) Endowments - Continued

Endowment net asset composition by type of fund as of December 31, 2023 and 2022 is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Endowment Net Assets
December 31, 2023:			
Board-designated endowment funds	\$ -	-	-
Donor-restricted endowment funds	-	968,730	968,730
	<u>\$ -</u>	<u>968,730</u>	<u>968,730</u>
December 31, 2022:			
Board-designated endowment funds	\$ -	-	-
Donor-restricted endowment funds	-	960,224	960,224
	<u>\$ -</u>	<u>960,224</u>	<u>960,224</u>

Changes in endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Endowment Net Assets
Balance at December 31, 2021	\$ -	879,143	879,143
Contributions	-	100,000	100,000
Investment income	-	105,522	105,522
Net appreciation	-	21,870	21,870
Withdrawals	-	(146,311)	(146,311)
Balance at December 31, 2022	-	960,224	960,224
Investment income	-	2,999	2,999
Net appreciation	-	5,507	5,507
Balance at December 31, 2023	<u>\$ -</u>	<u>968,730</u>	<u>968,730</u>

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(13) Liquidity and Availability of Resources

The Society is supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Society must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Occasionally, the Board designates certain bequests and a portion of investment return to its operating reserve, which totaled \$4,021,943 and \$5,168,620 as of December 31, 2023 and 2022, respectively. The operating reserve was established to fund the long-term needs of the Society and may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

As of December 31, 2023 and 2022, the Society's financial assets available to meet cash needs for general expenditures within one year were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 2,134,985	3,224,632
Bequests and trusts receivable	1,654,189	1,454,491
Pledges and other receivables	129,665	244,047
Investments	4,615,616	4,871,028
Beneficial interest in assets held by others	<u>27,822</u>	<u>20,000</u>
Total financial assets	8,562,277	9,814,198
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Unappropriated earnings on endowment restricted for summer camp	(23,247)	(14,741)
Investments pledged as collateral	(677,750)	(677,750)
Long-term bequests and trusts receivable	(495,078)	(509,684)
Long-term pledges receivable	(36,517)	(102,185)
Donor imposed use restrictions	(22,581)	(23,781)
Charitable gift annuities	(94,603)	(104,000)
Endowments	(945,483)	(945,483)
Board-designations:		
Operating reserves	(4,029,765)	(5,168,620)
Facility enhancement	<u>(36,170)</u>	<u>(236,921)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,201,083</u>	<u>2,031,033</u>

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(14) Fair Value Measurements

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are money market mutual funds, common stock, and equity mutual funds.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The Society's investments in corporate bonds and U.S. savings bonds are included in Level 2.

Level 3: Valuation is based on unobservable inputs.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Fair value of assets measured on a recurring basis at December 31, 2023 are as follows:

	Fair Value as of December 31, 2023	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 260,503	260,503	-	-
Corporate bonds	1,068,240	-	1,068,240	-
Common stock:				
Communication services	36,946	36,946	-	-
Consumer discretionary	132,082	132,082	-	-
Consumer staples	168,252	168,252	-	-
Energy	77,006	77,006	-	-
Financials	297,068	297,068	-	-
Healthcare	294,923	294,923	-	-
Industrials	225,894	225,894	-	-
Information technology	223,556	223,556	-	-
International	364,040	364,040	-	-
Materials	41,070	41,070	-	-
Real estate	138,532	138,532	-	-
Utilities	114,727	114,727	-	-
Mutual funds:				
Mid cap	382,819	382,819	-	-
Small cap	406,438	406,438	-	-
U.S. savings bonds	383,520	-	383,520	-
	4,615,616	3,163,856	1,451,760	-
Community Foundation investments	27,822	-	27,822	-
	<u>\$ 4,643,438</u>	<u>3,163,856</u>	<u>1,479,582</u>	<u>-</u>

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(14) Fair Value Measurements - Continued

Fair value of assets measured on a recurring basis at December 31, 2022 are as follows:

	Fair Value as of December 31, 2022	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 567,656	567,656	-	-
Corporate bonds	954,546	-	954,546	-
Common stock:				
Communication services	38,611	38,611	-	-
Consumer discretionary	141,280	141,280	-	-
Consumer staples	177,162	177,162	-	-
Energy	83,995	83,995	-	-
Financials	261,570	261,570	-	-
Healthcare	331,532	331,532	-	-
Industrials	222,481	222,481	-	-
Information technology	203,605	203,605	-	-
International	377,730	377,730	-	-
Materials	46,239	46,239	-	-
Real estate	162,864	162,864	-	-
Utilities	114,049	114,049	-	-
Mutual funds:				
Mid cap	359,171	359,171	-	-
Small cap	353,079	353,079	-	-
U.S. savings bonds	475,458	-	475,458	-
	4,871,028	3,441,024	1,430,004	-
Community Foundation investments	20,000	-	6,586,935	-
	<u>\$ 4,891,028</u>	<u>3,441,024</u>	<u>8,016,939</u>	<u>-</u>

(15) In-Kind Support

For the years ended December 31, 2023 and 2022, in-kind support included the following:

	2023	2022
Pet food, medical, kennel and shelter supplies	\$ 74,153	24,705
Development items	923	1,510
	<u>\$ 75,076</u>	<u>26,215</u>

Pet food, medical, kennel and shelter supplies are used by the Society in its Shelter program and development items are used by the Society in its special events. Pet food, medical, kennel, shelter and development supplies are valued at wholesale values that would be received for selling similar items in the United States.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(16) Commitments and Contingencies

The Society has an employment agreement with a key employee which expires in 2024. The agreement establishes a base salary, provisions for salary increases and for earning an incentive bonus and other benefits. The agreement may be terminated with or without cause by either party, which could result in separation payments not to exceed six months of base salary under certain circumstances, as defined by the agreement.

In May 2021, the Society purchased certain equipment and entered into a six-year purchasing commitment with an equipment leasing vendor whereby the Society committed to buying approximately \$158,400 of services and testing supplies on an annual contract year or \$950,400 cumulatively over the six-year term in exchange for certain credits which were used to acquire \$75,990 of equipment in 2021 and \$18,713 of equipment lease payments which were forgiven. The Society purchased approximately \$156,000 and \$153,000 of services and testing supplies under the purchasing agreement for the years ended December 31, 2023 and 2022, respectively. The Society's remaining minimum purchase commitment between 2024 and 2027 is approximately \$568,000.

The Society is involved in various legal actions arising during the ordinary course of its operations. The potential loss under these claims, if any, is not determinable at this time. Management believes any potential loss would be expected to fall within the Society's insurance policy limits. The only anticipated financial exposure would be payment of the insurance policy deductible, a nominal amount. In the opinion of management, no material liability exists with respect to these claims.

(17) Federal Financial Assistance

The CARES Act provides an employee retention credit ("ERC"), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and slightly expanded the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit was equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was increased to \$10,000 of qualified wages per quarter and available to entities who received Paycheck Protection Program loans. Based on the 2021 relief provisions, the Society qualified and applied for the tax credit in 2022 retrospectively for calendar year 2020 and the first two calendar quarters through June 30, 2021.

The Society has elected to apply the provisions of ASU 2018-08, *Clarifying Guidance for Contributions Received and Contributions Made (Topic 958-605)* as the relevant guidance for a not-for-profit entity for this type of conditional federal award. During the year ended December 31, 2022, the Society accrued approximately \$1.44 million in ERC which is included with contributions and grants in the accompanying statement of support and revenue, expenses, and other changes in net assets without donor restrictions. The Society collected approximately \$1.2 million of the ERC in 2023 and received the balance of approximately \$250,000 in May 2024.

**SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS,
TAMPA BAY, FLORIDA, INC.**

Notes to Financial Statements - Continued

(18) Subsequent Events

The Society has evaluated subsequent events through September 17, 2024, the date the financial statements were available for issuance. In February 2024, the Board of Directors of SPCA approved a plan to discontinue the operations of its Veterinary Center and list the associated property for sale.